

Message Text

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17

ACTION TRSE-00

INFO OCT-01 EUR-12 EA-06 ISO-00 EB-07 IO-10 L-02 H-02

PRS-01 PA-01 USIA-06 CEA-01 SP-02 AID-05 NSC-05

CIEP-01 SS-15 STR-01 OMB-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /099 W

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R 240200Z MAR 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 4272

INFO AMEMBASSY LONDON

AMEMBASSY MANILA

C O N F I D E N T I A L HONG KONG 3029

FOR USADB MANILA

E.O. 11652: GDS

TAGS: EFIN, EAID, ADB

SUBJECT: ADB ANNUAL MEETING

REF: STATE 31924

1. IN CONVERSATION WITH THE TREASURY REPRESENTATIVE, OCKENDEN
(BANKING COMMISSIONER) SAID THAT:

A) HKG WANTS 20-25 MILLION DOLLARS WORTH OF LOANS PER
YEAR FOR THE NEXT SEVERAL YEARS,

B) THEY WERE PREPARED TO BORROW AT THE NEW 9.5 PERCENT
RATE,

C) IF THEY COULD NOT GET ANY LOANS AT ALL THEY WOULD
CONSIDER VERY SERIOUSLY WITHDRAWING, AND

D) HKG WOULD BE PURCHASING PART OF THE FORTHCOMING ABD
DOLLAR BOND ISSUE.

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2. IN RESPONSE TO OCKENDEN'S QUESTION ABOUT THE U.S. POSITION ON HONG KONG BORROWING, THE FOLLOWING POINTS WERE MADE:

A) IT WOULD SEEM FROM OUR SUPPORT OF THE SPECIAL LENDING RATE THAT THERE WOULD BE NO OBJECTION TO HONG KONG CREDITS, AND

B) TACTICS IN CONNECTION WITH OBTAINING FINAL CONGRESSIONAL APPROVAL FOR ADB APPROPRIATIONS MIGHT INFLUENCE OUR POSITION ON THE TIMING OF PARTICULAR LOANS.

3. IN AN OBVIOUSLY INSPIRED STORY IN THE MARCH 19 EDITION OF THE SOUTH CHINA MORNING POST, HKG IRRITATION WITH THE ADB WERE SET FORTH BY "SENIOR OFFICIALS" AND THE FINANCIAL SECRETARY, PHILIP HADDON-CAVE, PICTURED AS GOING FORTH TO DO BATTLE RESOLUTELY FOR HONG KONG.

4. WOULD RECOMMEND, IF PAR. 2 IS A REASONABLE SUMMARY OF THE U.S. POSITION, THAT A SENIOR OFFICIAL ON THE U.S. DELEGATION TALK TO HADDON-CAVE DURING THE MEETING TO EXPLAIN EXACTLY HOW FAR WE ARE PREPARED TO SUPPORT HONG KONG. THIS COULD GO A LONG WAY TOWARD ELIMINATING THE RESENTMENT ON THIS ISSUE THAT HAS BUILT UP IN THE PAST YEAR.

5. THE DELEGATION WILL CONSIST OF THE FINANCIAL SECRETARY, THE BANKING COMMISSIONER, AND A THIRD MAN FOR ADMINISTRATIVE WORK AND LIAISON.
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05 JUL 2006

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